

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-05

SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02 USIA-15

PRS-01 /108 W

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R 131955Z MAR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9265

UNCLAS SECTION 01 OF 02 LONDON 03954

DEPARTMENT PASS TREASURY, FRB

E.O. 11652:N/A

TAGS: ENRG, EFIN, UK

SUBJECT: BANK OF ENGLAND ESTIMATES OF OIL-EXPORTERS' 1974  
REVENUES AND SURPLUSES

BEGIN SUMMARY: THE LATEST BANK OF ENGLAND QUARTERLY  
BULLETIN RELEASED MARCH 12, CONTAINS ESTIMATES OF THE OIL-  
EXPORTING COUNTRIES' 1974 REVENUES AND SURPLUSES. THE  
TABLES INDICATE THAT THE UK MARKETS HANDLED A SUBSTANTIAL  
PROPORTION OF THE TOTAL YEAR'S ACCUMULATED SURPLUSES.  
HOWEVER, THE RELATIVE SHARE OF BOTH THE REVENUES PAID IN  
STERLING AND THE PLACEMENT OF SURPLUSES IN THE UNITED  
KINGDOM DECLINED IN EACH SUCCESSIVE QUARTER THROUGHOUT  
THE YEAR. END SUMMARY

1. THE BANK OF ENGLAND (BOE) ESTIMATES THAT THE OIL-EX-  
PORTING COUNTRIES' TOTAL REVENUES AMOUNTED TO \$93.8  
BILLION IN 1974. OF THIS AMOUNT, REVENUES PAID IN STER-  
LING AMOUNTED TO APPROXIMATELY \$19 BILLION, OR ABOUT 20.3  
PERCENT OF THE TOTAL. OVER THE YEAR, HOWEVER, THE STER-  
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LING PROPORTION DECLINED CONSIDERABLY, FALLING TO ABOUT

18 PERCENT OF TOTAL FOURTH QUARTER PAYMENTS, COMPARED TO  
26.5 PERCENT IN THE FIRST QUARTER.

TABLE I  
ESTIMATED REVENUES OF OIL-EXPORTING COUNTRIES  
(BILLIONS OF US DOLLARS)

	QI	QII	QIII	QIV	YEAR
US DOLLARS - - - - -	8.6	18.8	24.1	23.2	74.8
STERLING - - - - -	3.1	5.6	5.1	5.2	19.0
TOTAL - - - - -	11.7	24.4	29.2	28.5	93.8

SOURCE: BANK OF ENGLAND QUARTERLY BULLETIN, VOL. 15, NO.  
1, MARCH 1975, PAGE 23.

2. THE ACCUMULATION OF OIL PRODUCING COUNTRIES' SURPLUS  
REVENUES IS ESTIMATED TO HAVE BEEN ABOUT \$56.2 BILLION  
AFTER ALLOWANCES FOR NON-OIL EXPORTS, IMPORTS, OTHER  
CURRENT TRANSACTIONS AND FOR TRADE CREDIT GIVEN ON OIL  
EXPORTS. THE FOLLOWING TABLE PRESENTS THE BOE'S PROVIS-  
IONAL ESTIMATES OF THE DEPLOYMENT OF THESE SURPLUSES:

TABLE II  
DEPLOYMENT OF OIL EXPORTERS' SURPLUSES  
(BILLIONS OF US DOLLARS)

1974	
	QI QII QIII QIV YEAR
UK-----	3.3 6.7 6.0 5.0 21.0
GOVERNMENT STOCKS	0.4 0.1 0.2 0.2 0.9
TREASURY BILLS	0.4 0.7 0.7 0.9 2.7
STERLING DEPOSITS	-0.1 0.7 1.1 0.0 1.7
OTHER STERLING	
INVESTMENTS (A)	0.1 0.2 0.3 0.1 0.7
FOREIGN CURRENCY DEPOSITS	2.5 4.5 3.4 3.4 13.8
OTHER FOREIGN CURRENCY	
BORROWINGS	0.0 0.5 0.3 0.4 1.2
US-----	1.1 2.3 5.0 2.6 11.0
GOVERNMENT SECURITIES	0.5 1.4 2.3 1.8 6.0
BANK DEPOSITS	0.6 0.8 2.3 0.3 4.0
OTHER (A)	0.0 0.1 0.4 0.5 1.1

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	QI	QII	QIII	QIV	YEAR
OTHER COUNTRIES-----	2.6	6.0	4.5	7.5	20.6
FOREIGN CURRENCY DEPOSITS	1.5	3.5	1.5	2.5	9.0
SPECIAL BILATERAL FACILITIES & OTHER					
INVESTMENTS (A) (B)	1.1	2.5	3.0	5.0	11.6

INT'L ORGANIZATIONS----- 0.0 0.5 0.8 2.3 3.6

TOTAL----- 7.0 15.5 16.3 17.4 56.2

(A) INCLUDES HOLDINGS OF EQUITIES AND PROPERTY.

(B) INCLUDES LOANS TO LESS DEVELOPED COUNTRIES.

NOTE: THE NEGATIVE SIGN INDICATED IN QI UNDER THE CATEGORY OF UK STERLING DEPOSITS RESULTS FROM COMPUTING THE QUARTERLY FLOW DATA FROM THE 1973 YEAR-END STOCK OF DEPOSITS.

SOURCE: BANK OF ENGLAND QUARTERLY BULLETIN, VOL. 15, NO. 1, MARCH 1975, PAGE 24.

3. FOR THE YEAR AS A WHOLE, ABOUT 37.3 PERCENT (\$21 BILLION) OF THE TOTAL SURPLUS WAS PLACED IN THE UNITED UNCLASSIFIED

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KINGDOM. THE BULK OF THIS, HOWEVER (\$13.8 BILLION, OR

24.6 PERCENT), WAS IN THE FORM OF EUROCURRENCY DEPOSITS WITH ONLY 3 PERCENT (\$1.7 BILLION) IN STERLING DEPOSITS. BANK DEPOSITS IN THE US, UK, AND OTHER OECD COUNTRIES ACCOUNTED FOR ABOUT 50 PERCENT OF THE TOTAL PLACEMENT OF SURPLUS REVENUES.

4. STERLING INVESTMENTS IN THE UK, AS A PROPORTION OF THE TOTAL OIL EXPORTERS' SURPLUS, DROPPED SIGNIFICANTLY OVER THE YEAR. HAVING FLUCTUATED BETWEEN 11 AND 14 PERCENT DURING THE FIRST NINE MONTHS OF 1974, STERLING INVESTMENTS DROPPED TO ABOUT 6.8 PERCENT OF FOURTH QUARTER ACCUMULATIONS. AT THE SAME TIME, ADDITIONS TO THE OIL EXPORTERS' FOREIGN CURRENCY DEPOSITS IN THE UK DECLINED FROM 35.7 PERCENT OF THE TOTAL FIRST QUARTER SURPLUS ACCUMULATION TO 19.5 PERCENT IN THE FOURTH QUARTER.

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## Message Attributes

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**Channel Indicators:** n/a  
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**TAGS:** ENRG, UK  
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